

# Realization of Social Protection Programs in Indiana

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October 21, 2005

# General Overview

- What protection programs does the IURC have?
- Other government protection programs
  - LIHEAP
- Utility programs
- Privately funded programs

# IURC Programs

- What is the IURCs statutory function?

The Indiana Utility Regulatory Commission is required by state statute to make decisions that *balance the interests of all parties* to ensure the utilities provide adequate and reliable service at reasonable prices.

- Does the IURC oversee assistance programs?

The legislature gave the IURC the authority to oversee and enforce a provision of a “Home Energy Assistance Program”.

# IURC Programs

## ■ Moratorium

- A utility, including a municipally owned utility (even if not under the jurisdiction of the IURC), that provides energy or fuel to an occupied dwelling may not, during the heating season, terminate the service to the dwelling because of the failure of the customer to pay
- Protects consumers during the coldest months of the year from disconnection of service
- The program is only available to income-qualified consumers
- The moratorium does not “forgive” the bill

# Other Government Programs

## LIHEAP

- Low-Income Home Energy Assistance Program
- LIHEAP is a federally funded block grant through the U.S. Dept. of Health and Human Services to provide funds to individual states to assist low-income families with the high costs of home energy. LIHEAP is the largest source of low-income energy assistance in Indiana.

So how does LIHEAP work...?

# Other Government Programs

## LIHEAP

- 24 Community Action Agencies

- Township trustees

Designated by federal regulation and are the local agencies administering the programs including taking applications, determining eligibility, and making payment to vendors

- Taking applications

- In-person
  - Mail
  - Telephone

# Other Government Programs

## LIHEAP

### ■ Application Process

- Clients may not be denied the right to submit an application
- Clients must be notified in writing of their eligibility and the amount of their benefit within 10 days
- If a client submits an application in person, likely will know if eligible before leaving
- At-risk clients may start applying at the beginning of November of each year
- All others may start applying mid-November of each year
- “Heating” portion of program closes May 31 each year or when funds run out

# Other Government Programs

## LIHEAP

### ■ Determining Eligibility

Awards the largest benefits to households with the highest energy costs and at the lowest income levels based on family size

- Poverty Level based on household size
- Income Status
- Dwelling Type
- Housing Status
- At-risk Status
- Fuel Source



# Energy Assistance Program FFY 2005 Benefit Matrix

Name of Head of Household:										
SSN or Case No.:						County:				
Household Income: \$			Mo./ Yr. (circle one)			Date of Application:				
HOUSEHOLD SIZE	50%		75%		100%		125%		150%	
	Mo.	Yr.	Mo.	Yr.	Mo.	Yr.	Mo.	Yr.	Mo.	Yr.
1	387	4,655	581	6,983	775	9,310	969	11,638	1,163	13,965
2	520	6,245	780	9,368	1,040	12,490	1,301	15,613	1,561	18,735
3	652	7,835	979	11,753	1,305	15,670	1,632	19,588	1,958	23,505
4	785	9,425	1,178	14,138	1,570	18,850	1,963	23,563	2,356	28,275
5	917	11,015	1,376	16,523	1,835	22,030	2,294	27,538	2,753	33,045
6	1,050	12,605	1,575	18,908	2,100	25,210	2,626	31,513	3,151	37,815
7	1,182	14,195	1,774	21,293	2,365	28,390	2,957	35,488	3,548	42,585
8	1,315	15,785	1,973	23,678	2,630	31,570	3,288	39,463	3,946	47,355
Add Member	133	1,590	198	2,385	265	3,180	331	3,975	397	4,770
Points	5		4		3		2		N.A.	
CATEGORY		FACTORS				POINTS POSSIBLE		POINTS AWARDED		
Poverty Points		From Chart Above				2-5				
Income Status		Earned Income				2				
		Unearned Income				1				
		Zero Income				0				
Dwelling		Mobile Home				3				
		Single Site Built				2				
		Duplex or Greater				1				
Housing Status		Non-subsidized Housing				2				
		Subsidized/ Not Included				1				
		Subsidized / Included				0				
At-Risk		Elderly, disabled, and/or children 0-5 years old				3				
Fuel Source		Bulk Fuels (Kerosene, LP Gas, Oil, Wood, Coal)				3				
		Electric				3				
		Natural Gas				3				
		Heating Included				1				
Notes & Comments:  <i>If household received 2004 Summer Fill regular benefit, ineligible for additional winter <u>regular</u> benefit. Electric and crisis eligible only.</i>     <i>If subsidized heat, included in rent, cap benefit at \$100.</i>						= Total Points		-		
						x \$15 per point				
						+ Electric		+\$50		
						+ Regional Differential (\$5 Central, \$15 North)				
						+ Crisis EAP				
						= Total EAP Benefit		\$		
Intake Worker:				Date:		State Form 48575 (R6/10-04)/HCS 0012A				

# Other Government Programs

## LIHEAP

- Crisis Assistance
  - A portion of LIHEAP dollars are reserved for families who are imminent danger of disconnection or have already been disconnected
  - Households not covered by moratorium (bulk fuels)
- Weatherization Assistance
  - Applies to LIHEAP clients with the highest energy burden

# Other Government Programs

## LIHEAP

- Does not satisfy a consumer's entire bill

The program will service low-income households who are subject to an energy burden. The Energy Assistance Program can provide benefits to off-set the high costs of energy, but does not have the funds available to pay all of a household's energy costs.

- Problems facing the state LIHEAP Program

Federal dollars have remained static or decreased while the demand for assistance has grown

# Utility Programs

## Universal Service Program

### Universal Service Program

- Pilot Program approved by the IURC under the Alternative Regulatory Plan Provision which allows utilities to implement practices and procedures that are in the public interest

So, how does the Universal Service Program work?

# Utility Programs

## Universal Service Program

- Application and Determining Eligibility Process
  - Same as the LIHEAP process, cuts down on customer's burden to apply for various assistance programs
- What are the consumer benefits?
  - A qualifying customer's bill is discounted each month; it is not a one-time benefit
  - Customer stays on service
  - Additional dollars dedicated to weatherization

# Vectren Calculation of Customer Benefits

	<b>Average Annual Bill</b>	<b>Less EAP Benefit</b>	<b>Less USP % Discount</b>	<b>Total Benefit</b>	<b>USP Average Annual Bill</b>
Tier #1	<b>\$876</b>	\$171 (20%)	\$ 131 (15%)	<b>\$302</b>	<b>\$574 (35%)</b>
Tier #2	<b>\$876</b>	\$210 (24%)	\$ 228 (26%)	<b>\$438</b>	<b>\$438 (50%)</b>
Tier #3	<b>\$876</b>	\$245 (28%)	\$ 280 (32%)	<b>\$525</b>	<b>\$351 (60%)</b>

⇒ Other assistance is applied in addition to EAP and USP benefits

⇒ Percentages based on an average Residential bill. Lower and higher bills are adjusted by the same percentages.



# Citizens Gas Calculation of Customer Benefits

	<b>Average Annual Bill</b>	<b>Less EAP Benefit</b>	<b>Less USP % Discount</b>	<b>Total Benefit</b>	<b>USP Average Annual Bill</b>
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Tier #1	<b>\$937</b>	\$171 (18%)	\$ 84 (9%)	<b>\$255</b>	<b>\$682 (27%)</b>
Tier #2	<b>\$937</b>	\$210 (22%)	\$ 169 (18%)	<b>\$379</b>	<b>\$558 (40%)</b>
Tier #3	<b>\$937</b>	\$245 (26%)	\$ 225 (24%)	<b>\$470</b>	<b>\$467 (50%)</b>

⇒ Other assistance is applied in addition to EAP and USP benefits

⇒ Percentages based on an average Residential bill. Lower and higher bills are adjusted by the same percentages.

# Utility Programs

## Universal Service Program

- How are the programs financed?

- Citizens Gas

All weatherization costs and tiered percentage customer bill reduction amounts will be placed into Citizens "Universal Service Fund," as a balance to be recouped. Citizens then will apply against this balance \$950,000 from its existing support programs (Warm Heart Warm Home Foundation, Weatherization Funds, GCA 50 Funds) and \$912,000 in new contributions from its unregulated funds. Citizens will incorporate per unit charges into its "Customer Benefit Distribution/Universal Service Program Funding Tracker" to recover any unfunded balance in the "Universal Service Fund" for residential, commercial and industrial customers (including low-income customers participating in the program).



# Utility Programs

## Universal Service Program

- Vectren Energy Delivery of Indiana

All customer bill reductions will be placed into "Universal Service Funds," as a balance to be recouped. Vectren then will apply against this balance all of "Share The Warmth" annual funding totaling \$500,000, plus funds collected from donors and matched Vectren in accordance with the terms of the "Share the Warmth" Program. Vectren also will contribute \$25,000 annually from its "below-the-line" income to the "Universal Service Fund". Any unfunded balance in the Vectren "Universal Service Fund will be recovered from per unit charges through a Rider, incorporated as part of residential, commercial, and industrial distribution charges (including low-income customers participating in the program). The per dekatherm charge on the USF Rider will be five cents (\$0.05) for residential customers, three cents (\$0.03) for commercial customers and one-half cent (\$0.005) for transportation customers.

# Utility Programs

## Winter Warmth Program

### Winter Warmth Program (NIPSCO)

- Pilot Program approved by the IURC under the Alternative Regulatory Plan Provision which allows utilities to implement practices and procedures that are in the public interest

So, how does the Winter Warmth Program work?

# Utility Programs

## Winter Warmth Program

- Similar to the Vectren Universal Service Program
  - What are the differences between USP and WW?
    - Length of programs
      - Universal Service Program – 2 year pilot
      - Winter Warmth – 1 year pilot currently up for review
    - Deposit assistance
    - Hardship provision
    - Benefits
      - Year round benefit vs. 1-time benefit
      - Maximum benefit

# Utility Programs

- What are the benefits to the utility?
  - Less write-offs
  - Delinquent dollars decrease
  - More customers stay on service
  - Happier customers
  - Energy Conservation?
  - Increased revenue?

# Private Programs

- Sponsored by utility
  - Utility contributions
  - Customer contributions
- Private Programs
  - Lilly Endowment
  - Salvation Army
  - Churches

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